



Protecting Human Rights: Health, Safety, and Privacy

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CALLING FOR SYSTEMIC REFORM IN BANGLADESH

On April 24, the eight-story Rana Plaza factory complex in Bangladesh collapsed, killing 1,129 garment workers and leaving nearly 2,500 more seriously injured. It was the worst apparel factory disaster in history, but unfortunately only one in a series of tragedies that have taken the lives of more than 1,800 Bangladeshi workers over the past eight years. The perpetual quest to lower the costs of production has brought the apparel industry to Bangladesh, where extremely low wages accompany lax safety standards and weak labor unions. This race to the bottom has produced jobs in Bangladesh, but at significant cost to the health and safety of these workers.

A strong investor response was needed. Domini worked with other investors affiliated with the Interfaith Center on Corporate Responsibility (ICCR) on a public statement urging global companies operating in Bangladesh to sign a multi-stakeholder factory safety program, the Accord on Fire and Building Safety (the Accord) and to strengthen local trade unions, disclose suppliers and ensure appropriate grievance and remedy mechanisms for workers.

"The horrific loss of life in Bangladesh serves to once again highlight the difficulties in building accountability into global supply chains. As investors, we also bear responsibility to enhance the power of the private sector to effect positive change by engaging companies to ensure that human rights remain at the core of their business models."

- Excerpt, **Investor Statement on Bangladesh**
(May 13, 2013)

More than 200 institutional investors from around the world representing more than \$3 trillion signed our statement, which we plan to use as a foundation for engagement with companies in the retail apparel sector. The first 120 signatories came together in only 48 hours, a strong testament to the seriousness of this issue and the need for systemic reform.

The Accord represents a significant change from past practice—its board of directors is chaired by the International Labor Organization (ILO) and split evenly between corporate and labor union representatives. It is also legally binding. More than 80 companies have signed the Accord, but, to date, only a handful of American companies have joined.

Gap is one of the leading companies that have declined to sign the Accord, joining other American companies citing concerns about legal liability. We had several calls with Gap executives, seeking to better understand their concerns and reiterate our strong support for the Accord. We also had a call with *PVH* to understand why one American company chose to sign the Accord, despite its legally binding nature.

GLOBAL NETWORK INITIATIVE: FREEDOM OF EXPRESSION AND PRIVACY

The recent revelations about the National Security Agency's surveillance program has highlighted the risks presented—to investors and other citizens—when corporations receive demands from governments that may violate internationally recognized human rights standards. Domini is a founding board member of the Global Network Initiative, a multi-stakeholder human rights organization dedicated to addressing these global threats to freedom of expression and privacy rights. During the quarter, we worked with other board members—including executives from *Google*, *Microsoft* and *Yahoo*—on a public statement in response to the NSA revelations, seeking greater transparency and safeguards from the U.S. government. The GNI also welcomed *Facebook** as its newest corporate member.

Shareholder Proposal Vote Results:

Each year, Domini files shareholder proposals to appear in corporate annual proxy statements as a tool for change. These proposals, which come to a vote at corporate annual meetings, ask companies to address a broad range of social and environmental issues.

Here is a look at the vote results for the proposals we filed this year:

Company (Issue)	Vote
AT&T <i>Political Contributions Disclosure</i>	25.36%
JPMorgan Chase <i>Political Contributions Disclosure</i>	Withdrawn
Mondelez International (formerly, Kraft) <i>Sustainable Forestry</i>	Presented, but did not appear on proxy statement
PNC Financial Services Group† <i>Climate Change Risks</i>	22.8%
US Bancorp <i>Impacts of Payday Lending</i>	Withdrawn
Verizon‡ <i>Political Lobbying Disclosure</i>	25.8%

† Co-filed with Boston Common Asset Management

‡ Co-filed with AFSCME



New & Continuing Dialogues

In addition to those discussed in this Update, we also engaged with the following companies during the quarter on these issues:

Apple, Merck*, & Microsoft

Tax avoidance

Atlas COPCO (of Sweden) & Nucor

Human rights

Bloomberg* & Campbell Soup

General CSR efforts

Google

Political activity

HSBC* (of the United Kingdom)

Money laundering and forestry

Novartis (of Switzerland)

Access to medicines

Sony (of Japan)

Supply chain conditions and privacy protection

Southwestern Energy

Natural gas emissions

Unilever (of the United Kingdom)

Genetically modified organisms

About Domini Social Investments

Domini Social Investments manages mutual funds for individual and institutional investors who wish to create positive change in society by integrating social and environmental standards into their investment decisions. Visit www.domini.com or call 1-800-582-6757 to learn more.

*Facebook, HSBC, and Merck were not approved for Domini's mutual fund portfolios. Bloomberg is not publicly traded and is therefore ineligible for investment.

As of June 30, 2013, these companies represented the following percentages of the Domini Social Equity Fund's portfolio: American Express (<.01%), Apple (1.43%), AT&T (0.40%), Costco (<.01%), Gap (1.48%), Google (0.48%), JPMorgan Chase (2.01%), Lowes (<.01%), McDonald's (<.01%), Microsoft (4.27%), Mondelez International (<.01%), Nucor (<.01%), PNC Financial Services Group (<.01%), Southwestern Energy (1.64%), US Bancorp (<.01%), Verizon Communications (0.78%), and Yahoo (1.48%). These companies represented the following percentages of the Domini International Social Equity Fund's portfolio: Atlas COPCO (0.01%), Novartis (1.35%), Sony (0.28%), and Unilever (0.23%). Campbell Soup and PVH were not held by any of the Domini Funds. The composition of the Funds' portfolios is subject to change.

OCEAN CONSERVATION

Greenpeace has been diligently working to protect the canyons of the Bering Sea, a delicate ecosystem that is threatened by the lucrative Alaska pollock fishery. The area is a breeding ground for pollock and other species, and its exploitation threatens the entire fishery. Over the past year, we have raised these concerns with *McDonald's* and *Costco*, two major seafood buyers.

On the eve of a critical meeting of the North Pacific Fishery Management Council in Juneau, Alaska, Greenpeace's Oceans Campaign Director John Hocevar reached out with an urgent appeal. Despite serious scientific studies supporting the need for conservation, the Pollock fishermen were standing in the way of the development of a plan. We contacted both companies to ask them to intervene and were pleased to learn that our email to McDonald's was circulating at the meeting. According to Hocevar:

"I do not know the details of what McDonald's did, but it definitely got people's attention in a very constructive way and was greatly appreciated by all of us in Juneau trying to move this issue forward."

Greenpeace is cautiously optimistic that they now have a plan in place that they can work with. When shareholders express their concerns, it can make a big difference. We were pleased to play a small role in moving this issue forward on behalf of our Fund shareholders, and thank McDonald's for their efforts.

ADDRESSING CLIMATE CHANGE

At the request of Ceres, this quarter we contacted *AT&T*, *Google*, *American Express*, *Lowes* and *Apple* to seek their assistance in defeating a rollback of renewable energy portfolio standards ("REPS") in North Carolina that was orchestrated by the American Legislative Exchange Council (ALEC). REPS are critically important in encouraging electric utilities to increase production from renewable energy sources. In the end, ALEC's effort was temporarily defeated in the State legislature.

We also signed two Ceres-authored documents—a declaration by businesses supporting strong climate legislation, which was referenced in President Obama's historic June speech on climate change, and a letter to the EPA expressing our strong support for proposed Motor Vehicle Emission and Fuel Standards, designed to reduce harmful emissions of carbon monoxide, nitrogen oxide, and volatile organic compounds.

COLLABORATING WITH NGOS

During the quarter, we met with several non-governmental organizations (NGOs) to help plan our corporate engagement work, including *Carbon Tracker* (climate change), *Rainforest Action Network* (sustainable forestry), and *Tax Justice Network USA* and *U.S. PIRG* (corporate tax avoidance).

We would like to thank our friends at *Oxfam* for presenting our shareholder proposal at the *Mondelez* annual meeting.

We were also pleased to meet with the *United Nations Working Group on Business and Human Rights* during its fact-finding visit to the U.S. to gather information about effective implementation of the UN Guiding Principles on Business and Human Rights.

The Domini Funds are not insured and are subject to market risks, such as sector concentration and style risk. Investing internationally involves special risks, such as currency fluctuations, social and economic instability, differing securities regulations and accounting standards, limited public information, possible changes in taxation, and periods of illiquidity. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. You may lose money. This information is provided for educational purposes only, and should not be considered investment advice with respect to any of the holdings listed.

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